



**MINUTES OF SPECIAL JOINT
CITY COUNCIL/REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD
City Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, June 11, 2002, 8:00 p.m.**

MEETING

The Special Joint City Council/Redevelopment Agency Meeting was called to order by Mayor/Chair Cooper at 8:00 p.m., followed by the Pledge of Allegiance led by Mayor/Chair Cooper.

ROLL CALL

Present: COUNCIL/RA MEMBERS Jimenez, Hilson,
Rodriquez, Ward, Dowling, Henson
MAYOR/CHAIR Cooper
Absent: None

PRESENTATION: PRIDE IN HAYWARD

The Pride in Hayward Award was presented to a number of residents in the Harder/Tennyson Neighborhood including: Jose and Maria Martin, Gerald Johnson, David and Christine Luna, Noel and Carmen Ortega, and Jakob and Kathe Muller. The Mayor thanked these folks for beautifying the City and taking pride in both their neighborhoods and in Hayward.

PUBLIC COMMENTS

John Kyle requested that his previous request from May 14, 2002, be placed on the agenda. He also spoke in favor of placing a large-truck stop at the Airport.

Jerry Feiger spoke regarding the greenbelt area on Ward Creek and commended Council on its concerted effort to address projects that are being developed in the County area. He submitted copies of information that he is also providing to the Hayward Area Recreation District and the Board of Supervisors and County staff.

Jim Drake commented on rainwater being drained into the Bay through sewers. He did not agree with what staff has been doing with his neighbor on a drainage problem.

City Manager Armas stated the City of Hayward does not release untreated water into the Bay as it is against State laws.

Jason Moreno showed three photos of vacant properties that may belong to Caltrans including one property on 1400 block on the Highland Boulevard. He also commented on safety concerns on city streets and intersections during emergency responses.

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Barbara Swarr said she appreciated the process that is being utilized on the current deconstruction on Site 4. She also commented on noise and dirt from other projects as well as the business of the City of Hayward.

CONSENT

1. Approval of Minutes of the City Council Meeting of June 4, 2002

It was moved by Council Member Hilson, seconded by Council Member Dowling, and unanimously carried to approve the minutes of the City Council of June 4, 2002.

HEARINGS

2. Review of the Operating Budget for the City of Hayward and the Redevelopment Agency Budget for Fiscal Year 2002-03, the 2002-03 Master Fee Schedule, and the 2002-03 Gann Appropriation Limit and the 2002-03 Capital Improvement Program
(Formal Adoption is Scheduled for June 18, 2002)

Staff report submitted by City Manager/Executive Director Armas
Armas, dated June 11, 2002, was filed.

City Manager/RA Executive Director Armas presented the recommended budget for the Fiscal Year 2002-2003 in excess of \$157 million, including \$91 million dollars to the General Fund, and the Enterprise funds totaling \$47 million. He shared the sources for the City's Revenues of \$91.1 million, as well as the City expenditures of approximately an equal amount. The growth of income projection assumes that the State government leaves the City income funds alone. At this point there are no projected takings of any funds away from the General Fund. He highlighted that the Budget continues the initiatives directed and approved by Council that began in 2001. It adds five police officer positions and one detective, as well as reestablishing the Narcotics Bureau with an additional two police officer positions. At greatest risk to the City may be the vehicle tax taking that could total over \$5 million dollars. He reiterated Governor Davis' pledge not to take this funding away.

Council/RA Member Hilson asked about the Educational Revenue Augmentation Fund (ERAF) shift. He commented that the legislature seems to agree that this is not a good idea. However, it seems to continue to do it. He asked about the change to the budget for the Library. He discussed the growth for property tax and suggested staff consider revising the 5 percent growth amount downward. The PG&E franchises are renegotiating their franchises and expressed his concerns about the danger of any renegotiation.

City Manager/RA Executive Director Armas explained that, at this point, the renegotiations are hearsay. He noted that the franchise contracts with the City are open-ended and any discussions would include the Council.



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Council/RA Member Henson commented that the Budget retains Council's commitment to enhance safety to our community. He commented and expressed his doubts about the State leaving the City funding alone.

City Manager/RA Executive Director Armas noted that ERAF is educational refunding for the schools in order that the State meet its annual obligation to schools. The City is losing about \$5 million a year, which is shifted to the State to meet its fiscal obligations. He commented that the proposed legislation attempted to change this practice but failed, but efforts continue. He added that the loss to the City might have reached close to \$40 million since 1991.

Council/RA Member Henson then asked whether the proposed capital improvements to the infrastructure for the San Francisco Water District impact the City's water system.

Public Works Director Butler noted that the City of Hayward is a major customer of Hetch Hetchy System. The San Francisco Water District has deferred maintenance, which included lack of reliability during an earthquake. The PUC has approved the upgrades, which has a cost estimate of \$4 billion. He noted that this would be a 10-15 year effort. A San Francisco Bond issue will be on the ballot in November to raise money to pay for these improvements. The City will need to contribute towards the retirement of the bonds once the capital improvements are completed, but it will not be happening for a number of years.

Council/RA Member Dowling asked about the sidewalk improvement budget.

City Manager/RA Executive Director Armas commented that Schafer Park was the first neighborhood to be worked on and Fairway Park will be the next neighborhood beginning in the spring.

Council/RA Member Ward said he was pleased with that the Budget includes funding for basic infrastructure improvements. He asked staff to explain the wastewater treatment plant improvements.

City Manager/RA Executive Director Armas commented that the system must meet a variety of State and Federal regulations. The plant is capable of handling about 13 million gallons of waste on a daily basis. The improvements will increase the capacity to 16 million gallons. This system allows businesses like Pepsi and Berkeley Farms to relocate in our community. Long-term improvements will include recycling wastewater as a substitute for potable water throughout the community.

Council/RA Member Ward expressed concerns and the need to respond with more activities for young people and after school activities.

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City Manager/RA Executive Director Armas explained that alternatives to gang activity, in concert with HARD and school district, students would be offered enhancements to an already comprehensive school program. He shared that there was great participation at the schools. The outcome of reopening the Sunset Swim Center that was funded by all three entities is a smashing success. As a result, the Budget provides funding to continue these programs.

Council/RA Member Rodriquez asked about the State impact to the County. She noted that this is a frightening time with the lack of funding available. She commented about how important recreation is to all the members of the community.

City Manager/RA Executive Director Armas stated that there may be indirect impacts to the City should there be State cuts to the County in the social services area.

Council/RA Member Jimenez talked about the water system improvements and the cost to the City of Hayward. He also commented on the number of wells in the City.

City Manager/RA Executive Director Armas explained that the City of Hayward would not be paying for the San Francisco Water System. The proposal would be to assess the cost from the system that gets the water from Hetch Hetchy to the City of Hayward. At some point, the system might be susceptible to problems.

Mayor/RA Chair Cooper opened the public hearing at 8:57 p.m.

John Kyle commented on the funding of crossing guards at various schools throughout the City. He recommended the need for a crossing guard at Longwood, Thelma and Blackwood Streets in the morning. He also noted that the traffic going west and through Hesperian will increase with the opening of the improvements on the San Mateo Bridge. He then asked for a copy of the Budget for the airport for 2001-2002, and 2002-2003.

Council/RA Member Rodriquez asked who had responsibility for the Crossing Guards. It was noted that several years ago the Hayward School District took responsibility for Crossing Guards. However, in a few locations the City was involved. City Manager Armas indicated that he would check his records.

Bill Quirk commented favorably on the public safety improvements and library improvement services. He noted that the Council had been very smart in their spending and development processes and commended staff for its efforts.

Jason Moreno asked how the City would address the sidewalk repairs due to tree root system rupture.

City Manager/RA Executive Director Armas responded that the City would be looking at the areas neighborhood by neighborhood. It is also the position of the City to preserve trees.



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Jim Drake asked how the budget fund for sidewalk repairs would be utilized. He was told the Council designated funds and agreed to fund the majority of the improvements. Each homeowner is responsible for \$400 in costs. That amount would be reinvested in the Sidewalk Repair Program. On another topic, he asked about funds derived from the sale of the City Hall on Foothill. He wondered why the money was not used to pay down the cost of the new City Hall. He was told those funds are held in reserve.

Mayor/RA Chair Cooper closed the public hearing at 9:08 p.m.

Council/RA Member Ward offered his appreciation to staff for managing to respond to the short and long needs of the community and stay afloat, in spite of the problems in other communities. With that Council/RA Member Ward moved, seconded by Council/RA Member Henson, to instruct staff to implement the resolutions and other documents to implement the budget for consideration on June 18, 2002.

Council/RA Member Henson added his comments regarding the safety of children in the City of Hayward, and the Crossing Guards, he suggested that other mechanisms, including the Safe Route to School Program, be passed on to the appropriate persons.

The motion passed unanimously.

3. Authorization to Retain the Retail Real Estate Group to Market the Former Albertson's Property

Staff report submitted by Redevelopment Director Bartlett, dated June 11, 2002, was filed.

Redevelopment Director Bartlett described the RFP (Request for Proposal) process, the qualifications of the principals selected, the broker's fee structure, and the recommendation to enter into a six-month contract. She noted that the Retail Real Estate Group is a brokerage that has experience in reconfiguration and in securing mixed uses for particular sites. She cited the firm's strategy in marketing the site as well as their plans for future use.

Council/RA Member Ward asked about the lease arrangement. He wondered whether at what point the Agency could decide the arrangement is not working. He also asked whether having a traditional real estate firm might not realize the uniqueness of the location.

City Manager/RA Executive Director Armas commented on staff concerns and asked for direction on what the Agency Members would prefer to see at this site. He commented that what may be best might also be to rebuild on the site.

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Redevelopment Director Bartlett emphasized that this is not a typical real estate group. The Group has experience in working creatively with various properties throughout the area.

Council/RA Member Ward asked several questions related to the unsuccessfulness of the effort. He emphasized the importance of this site to the downtown. He also asked about the local business preference rule and whether it would apply to Mr. Tanzello and, in this case, was informed that it did not as it applied mostly to products outside of services.

Council/RA Member Henson discussed the work of the firm and the lack of experience in dealing with a particular downtown or central location. This site is impacted by a great deal of traffic.

He was told that this firm has more experience in dealing with a number of supermarket locations. This one is unique and staff believes they have the contact with tenants.

Council/RA Member Henson said he would assume this firm would look at market conditions and Council preferences for this site. He was told staff has discussed the whole synergy of the downtown area.

Mayor/RA Chair Cooper said she would like to see pictures of previously completed projects by the firm. She commented on the work of the firm and how they had done.

Redevelopment Director Bartlett showed the Council a part of the RFP that showed photos of previous work of the firm.

Council/RA Member Jimenez questioned the potential sale of this property. He maintained his position that this site needs to provide a strong sales tax revenue and jobs for Hayward residents. He suggested that the option of selling the property should have been discussed further.

Council/RA Member Dowling asked for a list of tenants of other properties. In response, the broker Bruce Fraser discussed Whole Foods, Walgreen's, and Payless Drugs. He said they had not had the chance to discuss the issues with staff at this point. He said this is a challenging site. He said they are mostly involved in retail centers.

Council/RA Member Dowling said his priorities include a bookstore, an up-scale grocery, and a movie theatre. He asked how realistic any of these were. Mr. Fraser could not speculate whether they might be realistic. He said the firm does recognize the Council/Agency concerns.

Mayor/RA Chair Cooper named several firms that the City of Hayward does not want, including Marshall's, Ross, and Albertson's, and certainly not discount stores. The site really needs to be better than those mentioned.

Council/RA Member Rodriguez asked about the height limit. Staff noted that the lower limit is in proximity to the present City Hall.



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Council/RA Member Rodriquez explained that there is no desire to be Pleasanton, Richmond or any other city. She noted that the building may be rebuilt. There are plenty of discount stores and drug stores. She suggested the Group get a sense for who and what Hayward is.

City Manager/RA Executive Director Armas reminded RA Members that there is a prohibition against another drug store in that location as a result of the contract with Albertson's.

Council/RA Member Hilson asked questions about the potential length of leases and the related fees.

City Manager/RA Executive Director Armas stated that there is no predisposition on the length of potential leases and commented that there would be consideration on the financial position.

Council/RA Member Hilson asked about the arrangement for fees for the fairly short leases. He was told that the interest is in trying to get the stability of the tenant. He was also told staff would be discussing this with Mr. Frazier.

Council/RA Member Henson asked about the landmass involved in the other projects. He was told their firm has done various sizes of projects. He said the 2.4 acres gives them a number of things to work with.

Council/RA Member Dowling asked for location of the firm's office. He was told it was located in Santa Clara and if they are not successful there is no fee. They are paid by their success in gaining tenants for the building.

Mayor/RA Chair Cooper opened the public hearing at 9:42 p.m.

Jason Moreno discussed that a Youth Center would be beneficial as a part of this project.

Mayor/RA Chair Cooper closed the public hearing at 9:42 p.m.

It was moved by Council/RA Member Hilson, seconded by Council/RA Member Dowling, and unanimously carried to adopt the following:

RA Resolution 02-07, "Resolution Authorizing the Executive Director to Enter Into a Contract with Retail Real Estate Group, Inc., for the Marketing of the Property at B Street and Foothill Boulevard"

At this time, Mayor/RA Chair Cooper provided the Redevelopment Agency Members opportunity to present their priorities for this site.

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Council/RA Member Henson provided his list of preferences including a cinema, an upscale food service, a multiple tenant center with a restaurant, perhaps a mini-mall and a bookstore.

Council/RA Member Dowling reiterated his priorities that included a movie theater, a full-service bookstore and an upscale grocery store. He said he would like to see something that will help the restaurants in the area. He noted a Milpitas entertainment center that may be attracted to this site.

Council/RA Member Ward emphasized the need for an entertainment venue that would be a focal point for the eastern end of B Street. He desired a site that would be the center of activity, as well as a structure that lends a positive atmosphere to that streetscape. He asked staff to consider an incentive that will make the site whole and consider assisting in some form to make the site more viable.

Council/RA Member Rodriquez expressed her concerns in the way the site is developed. Architecture was her main point as this is a prominent point on Foothill and needs to be above average, unique and not what has been previously considered. She noted the challenge and agreed with what had been previously mentioned including a mixed facility.

Council/RA Member Hilson expressed his priorities reiterating the significance of the structure and its prominence on this site and what will be most attractive. He agreed that the building could be restructured, replaced and even resituated on the site with a taller structure. He agreed with a mixed use as well something that could include office space to support the project.

Council/RA Member Jimenez reiterated his previous statement regarding a revenue generating business that provides job opportunities for Hayward residents.

Mayor/RA Chair suggested a taller urban design, as attractive as this building, and as attractive as the town homes that are being built next door to City Hall, with an interesting attraction for this community.

Council Member Dowling commented on an up-scale entertainment area for downtown Hayward.

This concluded the direction to staff and the Group as it proceeds to market this site.

4. Modifications to the Exclusive Negotiating Agreement with Cannery Community Partners, LLC

Staff report submitted by Redevelopment Director M. Bartlett,
dated June 11, 2002, was filed.

Redevelopment Director Bartlett provided the report and highlighted the background of the agreement with the Cannery Community Partners. She reported that one of the Partners had



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dropped out. However, a new partner will replace them. She discussed the changes in the projection for development of the area. The DDA (Disposition and Development Agreement) could be adopted within 6 months.

Council/RA Member Henson asked how the deletion of the carriage units and some of the 12-plexes would affect the affordable housing in the area. He thought there were rentals in the original plan.

City Manager/RA Executive Director Armas responded that ultimately the developers would honor the overall objective. The specific concept did not have rentals as part of the initial plan. However, the Agency is emphasizing it with the developer. The idea is to have a variety of housing types.

Council/RA Member Ward asked about the clustered affordable units and said he thought Council's objective was for inclusionary units that would be unclustered. He was told that staff is looking at the possibility of 80-20-type mortgage revenue bond program, where the units are integrated into the whole and scattered throughout the project. Council/RA Member Ward expressed concern that all of the affordable units were not clustered. He commented that the carriage units represented the majority of the affordable units for the project. He then indicated that the Council would like to have more visuals when presenting reports such as this. He suggested establishing a policy for more visuals on land-use issues.

Council/RA Member Hilson said he was unsure of the proposal. Replacing one developer with another he could understand, but he questioned the plan that is being proposed. He said he also saw nothing of a retail component, which he had been assured would be included in the other plan. He suggested that this is more than a tweak, it is a different project. He was told that staff wanted to assure themselves that they were in accord with the Agency as to rental units. Council/RA Member Hilson commented that he was not sure that this is necessarily a good solution in this particular. He was not convinced about the actual intent of the recommended action. He agreed that this was a very complicated project. He added that he was of a mind that the original developers would build a certain project.

City Manager/RA Executive Director Armas indicated that once there is a clearer project, staff would look to the Redevelopment Agency for guidance. He outlined that there are substantial infrastructure improvements needed, an elementary school that needs to be built, a park and a variety of financial gaps that collectively have to be bridged, which could take the form of bond-financing or assessment districts. He said staff believes that this will be as significant an issue as the architecture for the site.

Mayor/ RA Chair Cooper recalled that the original intent was an exclusive negotiating agreement and that nothing was set in stone. It was a surprise that Centex dropped out.

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Council/RA Member Rodriquez asked for a clarification that the intent of the presentation was to replace the former partner Centex with Pulte. She was told that it was, as well as providing this team with the six-months they need. She noted that the Agency spent a long time discussing the plan. She thought staff was seeking a builder who could fulfill their expectations.

City Manager/RA Executive Director Armas reiterated that their indication to the developers was that fundamentally the concept plan was not being revisited. Fundamentally it has to be implemented.

Mayor/Redevelopment Agency Chair Cooper opened the public hearing at 10:19 p.m.

Bill Quirk said he strongly supported the staff recommendation emphasizing the flexibility to review the need for affordable rental housing. He agreed with more ownership housing, however, the opportunity needs to be available to provide housing for younger people who live in the City of Hayward.

Mayor/Redevelopment Agency Chair Cooper closed the public hearing at 10:20 p.m.

In moving the item, Council/RA Member Ward commented on the clarity of the Resolution and how the Agency is simply substituting one entity with another. He also agreed with more flexibility in the types of units in the area.

Council/RA Member Henson agreed and said the report contributed to the confusion of the Agency. He noted that members had done a thorough job of outlining their intentions for the area.

Council/RA Member Dowling commented that affordable units are important, however, affordable units to buy are really important. This may be the final and unique opportunity for the City to provide these.

It was moved by Council/RA Member Ward, seconded by Council/RA Member Dowling, and carried to introduce and adopt the following:

RA Resolution 02-08, "Resolution Approving Modifications to the Cannery community Partners, LLC, and Authorizing the Executive Director to Execute Related Professional Service Contracts"

AYES: Council/RA Members Jimenez, Rodriquez, Ward,
Dowling, Henson
MAYOR/RA CHAIR Cooper
NOES: Council/RA Members None
ABSENT: Council/RA Member None
ABSTAINED: Council/RA Member Hilson



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COUNCIL REPORTS

There were no Council Reports.

ADJOURNMENT

Mayor/RA Chair Cooper adjourned at 10:26 p.m.

APPROVED:

Roberta Cooper, Mayor, City of Hayward
Chair, Redevelopment Agency

ATTEST:

Angelina Reyes, City Clerk, City of Hayward
Secretary, Redevelopment Agency

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